

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 EB-07 CIEP-01 TRSE-00 STR-04 OMB-01

CEA-01 COME-00 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01

AGR-05 /105 W

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R 060645Z FEB 76

FM USLO PEKING

TO SECSTATE WASHDC 5110

INFO AMEMBASSY PARIS

AMEMBASSY SEOUL

AMEMBASSY TOKYO

AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 202

E.O.11652: GDS

TAGS: ETRD, CH, KN

SUBJECT: FRENCH TRADE WITH CHINA AND NORTH KOREA

BEGIN UNCLASSIFIED

SUMMARY: FRENCH TRADE WITH THE PRC INCREASED SUBSTANTIALLY IN 1975, LED BY THE INCREASE IN FRENCH EXPORTS, AND THIS TREND IS EXPECTED TO CONTINUE. PROSPECTS FOR TRADE WITH NORTH KOREA ARE POOR BY CONTRAST. THE FRENCH ARE WITHDRAWING THEIR TECHNICIANS FROM WORK ON A NORTH KOREAN PETROCHEMICAL COMPLEX. END SUMMARY.

1. FRENCH TRADE WITH THE PRC IN 1975 INCREASED BY ONE-THIRD OVER 1974. BASED ON PROJECTIONS SUPPLIED USLO BY FRENCH COMMERCIAL COUNSELOR GROULT, TOTAL TURNOVER IN 1975 REACHED ABOUT \$490 MILLION (FR 2,200 MILLION). THIS SUBSTANTIAL INCREASE RESULTED EXCLUSIVELY FROM INCREASED FRENCH  
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EXPORTS WHICH NEARLY DOUBLED FROM \$172 MILLION IN

1974 TO \$332 MILLION IN 1975. FRENCH IMPORTS DECREASED FROM \$197 MILLION TO ABOUT \$161 MILLION OVER THE SAME PERIOD.

2. GROULT ANTICIPATES THIS TREND TOWARD A GROWING FRENCH TRADE SURPLUS WILL ACCELERATE THROUGH 1976. OF THE EIGHT FRENCH WHOLE PLANTS UNDER CONSTRUCTION, ONLY THE SPECHIM ACETATE PLANT IN SZECHUAN IS LIKELY TO BE COMPLETED DURING 1976, AND DELIVERIES OF MACHINERY FOR THE OTHER SEVEN PLANTS WILL CONTINUE TO BOOST THE FRENCH EXPORT SURPLUS. (INFORMATION ON FRENCH PLANTS SENT DEPARTMENT AND HONG KONG BY AIRGRAM).

3. SIGNIFICANT RESULTS FROM THE FRENCH EXHIBITION OF SCIENTIFIC EQUIPMENT SCHEDULED FOR THIS MARCH ARE EXPECTED BY THE COMMERCIAL COUNSELOR. THIS TRADE FAIR WILL COVER 1,400 SQUARE METERS OF THE PEKING EXHIBITION HALL. ABOUT 100 REPRESENTATIVES OF 50 FIRMS WILL PARTICIPATE. IT WILL BE THE FOURTH TIME THE FRENCH HAVE STAGED AN EXHIBITION OF THIS TYPE OF EQUIPMENT IN CHINA.

4. GROULT ALSO PROVIDED FIGURES ON FRENCH-NORTH KOREAN TRADE, WHICH TOTALED APPROXIMATELY \$62 MILLION IN 1975. FRENCH EXPORTS WERE \$15 MILLION; IMPORTS WERE \$46 MILLION. END UNCLASSIFIED

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5. IN CONTRAST WITH HIS OPTIMISTIC FORECAST FOR TRADE WITH THE PRC, GROULT WAS VERY BEARISH CONCERNING FRENCH-NORTH KOREAN ECONOMIC RELATIONS. HE DESCRIBED AS A COMPLETE FAILURE HIS JANUARY TRIP TO PYONGYANG TO SEEK REPAYMENT OF THE \$56 MILLION OWED BY THE KOREANS FOR A FRENCH PLANT NOW BEING BUILT AS PART OF A MULTI-PLANT PETROCHEMICAL COMPLEX. THE NORTH KOREANS RESPONDED TO HIS APPROACH BY PROPOSING REPAYMENT, ALREADY TWO YEARS IN ARREARS, BE DELAYED FOR AT LEAST ANOTHER TWO YEARS.

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6. THE FRENCH NOW DOUBT THAT REPAYMENT WILL EVER TAKE PLACE. TEN OF THE FIFTEEN TECHNICIANS ASSIGNED TO THE FRENCH PLANT LEFT KOREA IN DECEMBER; THE REMAINING FIVE WILL LEAVE IN FEBRUARY. OF THE SEVERAL FOREIGN FIRMS ORIGINALLY INVOLVED IN THE CONSTRUCTION OF THE COMPLEX, ONLY THE JAPANESE ARE STILL ON THE JOB. GROULT ESTIMATED THE FRENCH PLANT WAS ABOUT 60 PER-

CENT COMPLETE BUT COULD NOT BE FINISHED WITHOUT  
FOREIGN ASSISTANCE. THE FRENCH TECHNICIANS CONSIDERED  
THEIR NORTH KOREAN COUNTERPARTS SO INCOMPETENT AND UN-  
COOPERATIVE THAT PUTTING THE PLANT INTO OPERATION  
WOULD HAVE BEEN UNLIKELY IN ANY EVENT.  
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